

By: Workman

H.B. No. 1987

A BILL TO BE ENTITLED

1 AN ACT
2 relating to required workers' compensation insurance coverage for
3 building and construction contractors.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The heading to Section 406.096, Labor Code, is
6 amended to read as follows:

7 Sec. 406.096. REQUIRED COVERAGE FOR [~~CERTAIN~~] BUILDING OR
8 CONSTRUCTION CONTRACTORS.

9 SECTION 2. Section 406.096, Labor Code, is amended by
10 amending Subsections (a), (b), and (c) and adding Subsections
11 (a-1), (a-2), (a-3), (a-4), and (d-1) to read as follows:

12 (a) A contractor shall ensure that each employee of the
13 contractor has workers' compensation insurance coverage for a
14 project. A subcontractor shall ensure that each employee of the
15 subcontractor has workers' compensation insurance coverage for a
16 project.

17 (a-1) Unless the construction contract is with a
18 governmental entity for a public project, the workers' compensation
19 insurance coverage required under this section may be provided:

20 (1) by any person, including the contractor, the
21 subcontractor, the owner of the property or premises, or a staff
22 leasing services company; and

23 (2) through a group plan or other method.

24 (a-2) On request of a contractor who enters into a building

1 or construction contract with a subcontractor, the subcontractor
2 shall certify in writing that workers' compensation insurance
3 coverage is provided for:

4 (1) each employee of the subcontractor employed on the
5 project; and

6 (2) if applicable, each person employed on the project
7 by another subcontractor that entered into a contract with the
8 subcontractor.

9 (a-3) On request of a person who enters into a building or
10 construction contract with the contractor, the contractor shall:

11 (1) certify in writing that workers' compensation
12 insurance coverage is provided for each employee of the contractor
13 employed on the project; and

14 (2) provide a certificate described by Subdivision (1)
15 for each subcontractor on the project.

16 (a-4) A governmental entity that enters into a building or
17 construction contract shall require the contractor to certify in
18 writing that the contractor provides workers' compensation
19 insurance coverage for each employee of the contractor employed on
20 the public project.

21 (b) Each subcontractor on a [the] public project shall
22 certify in writing that the subcontractor provides workers'
23 compensation insurance coverage for each employee of the
24 subcontractor employed on the public project. The subcontractor
25 shall provide the [such a] certificate [relating to coverage of the
26 subcontractor's employees] to the general contractor, who shall
27 provide the subcontractor's certificate to the governmental

1 entity.

2 (c) A contractor who has a contract with a governmental
3 entity for a public project or a subcontractor of that contractor
4 [~~that requires workers' compensation insurance coverage~~] may
5 provide the workers' compensation insurance coverage to employees
6 employed on the public project through a group plan or other method
7 satisfactory to the governing body of the governmental entity.

8 (d-1) This section does not apply to a direct employee of a
9 property owner performing work on a construction project on the
10 property owner's property.

11 SECTION 3. Section 406.096(e), Labor Code, is amended by
12 adding Subdivision (3) to read as follows:

13 (3) "Staff leasing services company" has the meaning
14 assigned by Section 91.001.

15 SECTION 4. The change in law made by this Act applies only
16 to a contract for building or construction that is entered into on
17 or after the effective date of this Act. A contract entered into
18 before the effective date of this Act is governed by the law in
19 effect on the date the contract was entered into, and the former law
20 is continued in effect for that purpose.

21 SECTION 5. This Act takes effect September 1, 2011.